ASX RELEASE: 7 NOVEMBER 2017

LITHIUM EXPLORATION PROJECTS UPDATE

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to report that it has appointed CSA Global to conduct a geological review of its four lithium projects in Western Australia with the aim of generating new targets and prioritising existing targets for future drilling. Metalicity has a significant landholding in Australia's two key lithium producing districts, the Greenbushes district (Figure 1) and the Wodgina-Pilgangoora district (Figure 2) which spans 958km^2.

Previous targeting work conducted by Metalicity has focussed on mapping of pegmatites at its Pilgangoora North Project and the Stannum prospect within its Wodgina South Project. This area represents approximately 20% of Metalicity's lithium-prospective land package so significant potential remains to generate new targets for drilling within Australia's two most significant hard rock lithium producing regions.

Pilgangoora North Lithium Project Update

The Pilgangoora North Project (EL 45/4356, EL45/4148, EL45/4227) was acquired from Fortescue Metals Group on 17 January 2017 for $250,000 cash, 5M Metalicity shares and 5M Metalicity options exercisable at 8c, as well as 10M performance shares upon the definition of an Inferred Mineral Resource estimate 20Mt at 1% Li_2O. At the Pilgangoora North project recent field work has confirmed that pegmatites interpreted from satellite imagery, are present; some of which host anomalous lithium values. The interpreted and confirmed pegmatites occur over an extensive 10 km x 4 km area and where observed during field work are commonly shallowly dipping, and possibly stacked, sill-like bodies.

The southernmost pegmatites within the project area are located 1 km to the north of the Lynas Find deposit, within the world class Pilgangoora Lithium Project owned by Pilbara Minerals Limited, now ranked as the second largest hard rock lithium deposit in the world, and where thick high-grade intersections including 21m at 2.64% Li_2O have been reported (ASX: DKO 3/6/16).

At Pilganoora North an initial four-hole 600 m reverse circulation percussion (RCP) drill program was aimed at testing pegmatites in the southern portion of the project area that were interpreted to be extensions of the Lynas Find deposit pegmatite system. This very limited drill program within an approximate 300m x 80m extent within the overall 10 km x 4 km target area, intersected pegmatites in every hole. While no significant levels of lithium (>0.5% Li_20) were encountered in this program, the Company is encouraged by the continuity and thickness of the pegmatites, these being comparable to the Pilgangoora deposits to the south (Table 1 and 2).

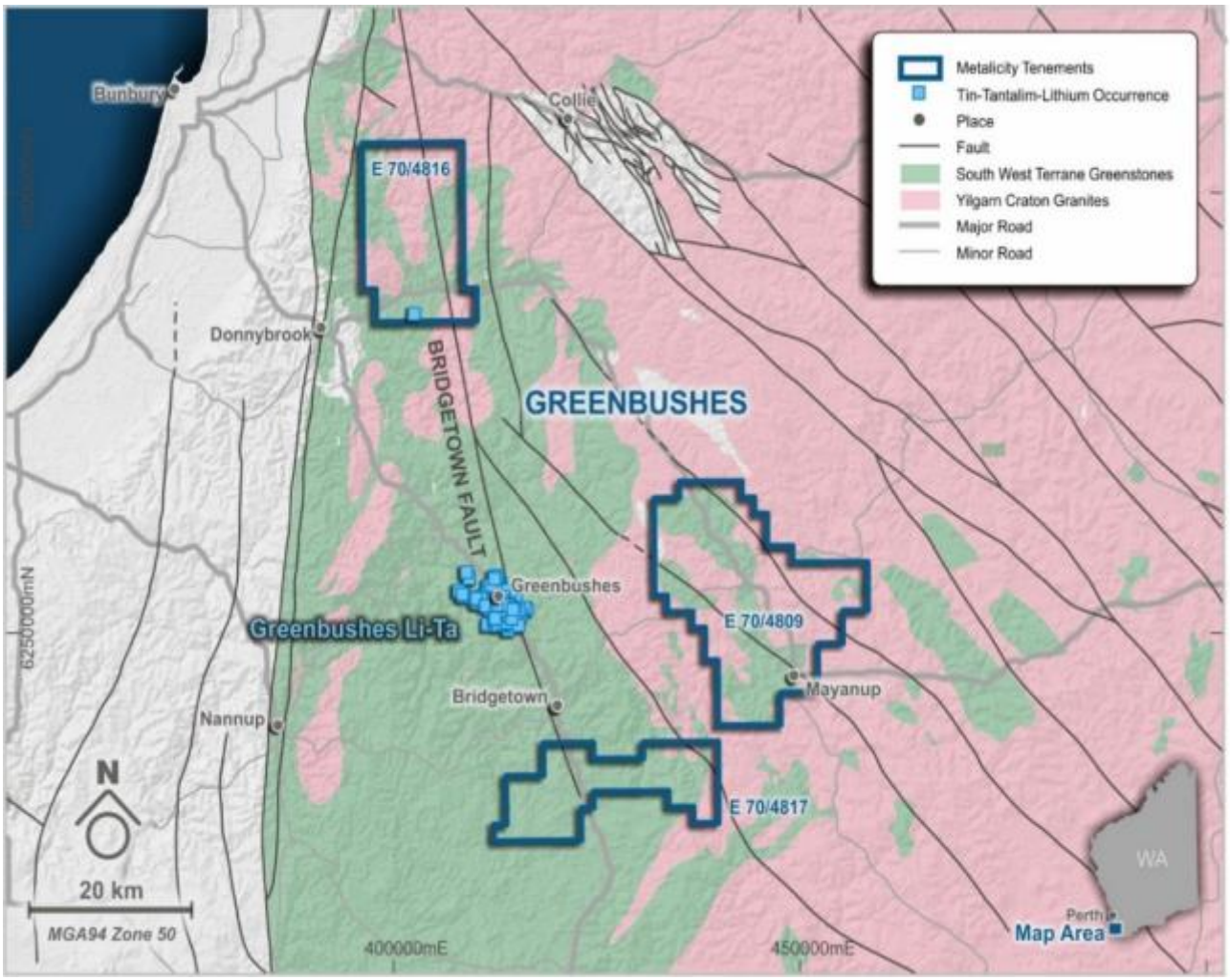
Multiple untested pegmatite occurrences occur to the east and north of the area drilled and throughout the approximate 10 km x 4 km pegmatite target area; most of which is still to be fully assessed for the presence of lithium mineralised pegmatites.

Significant upside remains within the Company's lithium exploration portfolio and lithium exploration experts from CSA Global will be working closely with the Company to assist in a review of the company's four lithium projects being Pilgangoora North, Pilgangoora South, Wodgina South and Greenbushes North, to generate new targets for future exploration.

Metalicity Managing Director, Matt Gauci, commented:

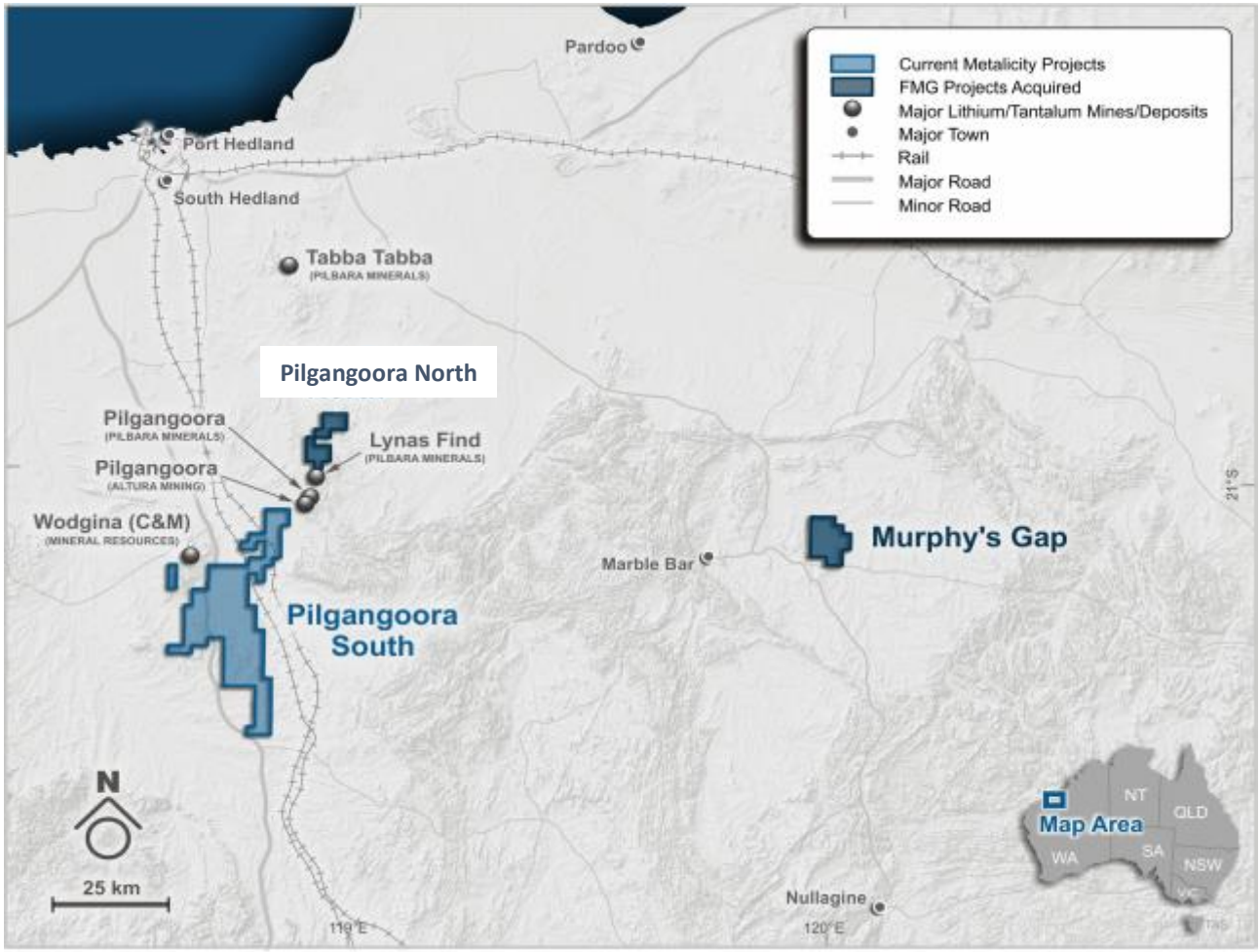
"The initial four-hole drill program at Pilgangoora North targeted the most accessible pegmatites which represent a small fraction of the mapped or interpreted pegmatites that have been identified at the project, some of which are confirmed from rock chip sampling as lithium bearing. Given the size of the Company's lithium portfolio and interest from end users in the sector, we believe this is a right time to appoint lithium experts from CSA Global to conduct a targeting review of our entire lithium portfolio and determine the best strategy to progress these assets."

Figure 1: Greenbushes lithium district tenements



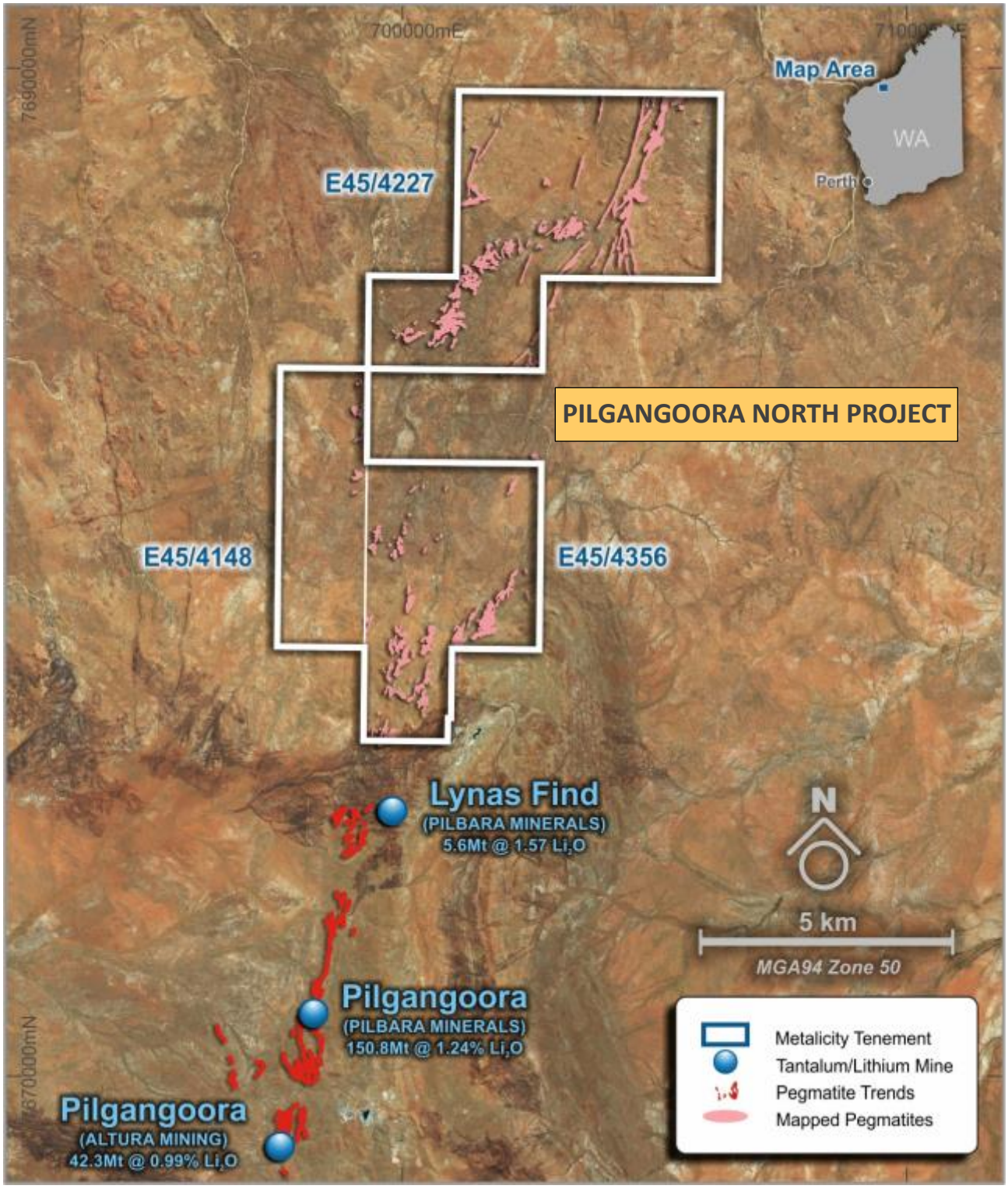
Source: Metalicity

Figure 2: Wodgina-Pilgangoora lithium district tenements.



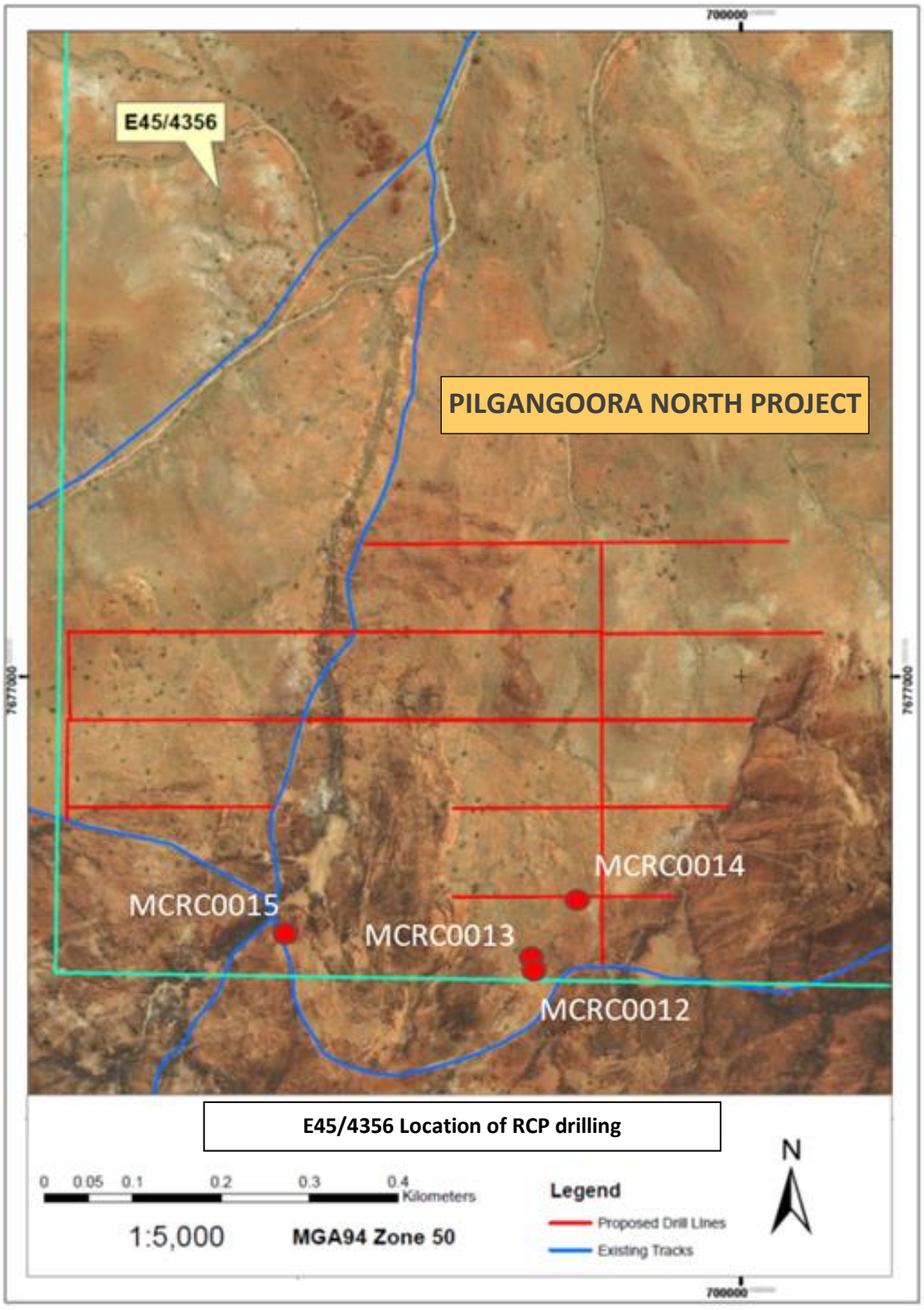
Source: Metalicity

Figure 3: Pegmatite outlines (occurrences) as interpreted and mapped from satellite imagery at Pilgangoora North (Lynas Find North). To date only about 30% of these have been field checked and this work has confirmed the presence of pegmatites, some of which have geochemical signatures indicating potential for the pegmatites to host lithium mineralisation. Additional field mapping, sampling and drilling is required to substantiate this interpretation and confirm the presence of lithium bearing pegmatites.



Source: Metalicity

Figure 4: Location of the four RCP drill holes from the first pass drilling program.



Source: Metalicity

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About Metalicity Limited

Metalicity Limited is an Australian exploration company with a primary focus on the base metals sector and the development of the world class Admiral Bay Zinc Project, and exploration of the Lennard Shelf Zinc Project, both located in the north west of Australia. The Company is currently undertaking a Pre-Feasibility Study (PFS) on Admiral Bay and preparing for an extensive drilling program at Lennard Shelf . The Company's secondary focus is the lithium and cobalt sector with the addition of several lithium and cobalt projects where early stage exploration has commenced. The Company is supported by a management team with significant collective experience in the resources sector as well as international private equity, institutional and retail funds.

Competent Person Statement

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this announcement has been presented in accordance with the JORC Code. Information in this report relating to Exploration results is based on information compiled by Ralph Porter, a consultant to the Company, who has sufficient experience relevant to the type of activities under consideration to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Porter is a member of the Australian Institute of Geoscientists, and consents to the inclusion of the information in this announcement in the form and context in which it appears.

Table 1: Pilgangoora North drill hole locations and orientations

Hole_ID	East MGA 94 Zone 50	North MGA 94 Zone 50	RL (m)	Azimuth (°)	Dip (°)	Depth (m)
MCRC0012	699780	7676662	188	000	-90	120
MCRC0013	699780	7676666	194	090	-60	108
MCRC0014	699831	7676736	201	000	-90	150
MCRC0015	699486	7676684	184	000	-90	150

Notes:

- Hole locations were captured on a handheld Garmin GPS with an accuracy of approximately +/- 5m.
- Dips on holes were recorded at by the drilling contractor using a single shot north seeking gyro, and in all cases deviated less than 3° from the originally planned vertical orientation.

Table 2: Drill Hole pegmatite intercepts down hole from Pilgangoora North

Hole ID	Pegmatite intercept	From (m)	To (m)	Down hole length (m)
MCRC0012	100%	22 38	34 36	12 2
MCRC0013	100%	36	84	48
MCRC0014	100%	0	44	44
MCRC0015	100%	50	58	8

Notes: True pegmatite width or thickness is unknown at this stage

JORC Code, 2012 Edition – Table 1 report template

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Vertical and inclined reverse circulation percussion drilling from surface was used to obtain ~3kg samples over 1 or 2m intervals with the sample line blown clean at the completion of every sampled interval. • Samples were dried, crushed, pulverised to 85% passing 75 microns, and a 0.25g representative split obtained for sodium peroxide fusion and subsequent analysis. • Field duplicates were inserted to confirm samples representivity and certified reference materials were inserted to confirm assay precision.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Drilling was completed using the reverse circulation percussion (RCP) technique with a 5 5/8" face sampling bit. • Auxiliary and booster compressors were used to exclude groundwater and keep samples dry.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Sample recovery was recorded by the geologist during drilling as either 'Fair', 'Poor' or 'Good' based on visual estimation of the volume of sample returned from each interval. Sample recovery was recorded as 'Good' for all intervals. • Weighing of bulk rejects to provide a more quantitative assessment of sample recovery was not undertaken.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• A representative sample of each metre drilled was sieved and retained in chip trays for future reference. • Samples were geologically logged during drilling including lithology, mineralogy, grainsize, colour, texture, alteration, veining and moisture content recorded. • Most information recorded is qualitative, with semi-quantitative estimates of abundances of different lithologies and minerals.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise*	• RCP drill chips were collected using a face sampling bit in uniquely numbered sample bags from a Metzke cone splitter mounted at the end of the sample line. • Approximately 10% of the drill chips returned from the bit were collected in the sample bags, with the bulk rejects retained in plastic bags for future reference. • Field duplicate samples were collected at the cone splitter at a frequency of approximately 1 duplicate for every 30 samples. 90% of the assay results from the field

Criteria	JORC Code explanation	Commentary
	representivity of samples. • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	duplicates were within 10% of the results from the primary sample, with the remainder within 20% of the primary sample, indicating no issues with sample representivity. • Sample tubes and cyclone were blown clean at the completion of every sample to minimise the potential for contamination of subsequent samples, and the cyclone was routinely cleaned at the completion of every 6m drill rod. • Booster and auxiliary compressed air maintains a dry sample and minimises potential contamination of samples.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were assayed by SGS Australia in Perth by sodium peroxide fusion, followed by an acid digest and ICP–MS/OES analysis (SGS codes (IMS90Q, ICP90Q). This technique is considered to be appropriate for the elements of interest. • Laboratory duplicates were undertaken by SGS for all assay batches at a rate of 2%. Lithium assay results for laboratory duplicates were all within 10% of the original samples, indicating no obvious problems with laboratory assay precision. • Reference standards were inserted by Metalicity Ltd at a frequency of 1 per hole and lithium assay results found to be within 4% of the expected value indicating no issues with the laboratory assay accuracy. • Blank samples were inserted by Metalicity Ltd at a frequency of 1 per hole and assay results found to be consistent.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field data was recorded directly into standard templates on site using pre-established library tables, and subsequently validated and loaded into the company drill database. • Significant intersections were calculated by experienced staff and verified by other staff. • No twinned holes have been completed.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collar locations were surveyed using a Garmin handheld GPS with an accuracy of +/- 5m • To confirm drillhole inclination, 3 of the 4 holes had single shot down hole surveys completed utilising an Axis Mining Technology 'Champ' north seeking gyroscope with a published accuracy of +/-0.15°. Holes were observed to deviate from the planned vertical orientation by less than 3° in all 4 of the holes surveyed (see Table 1 above). • Standard MGA 94 Zone 50 grid coordinates are presented in Table 1.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill hole locations were appropriate for first pass, wide spaced drill testing of the lithologies present and potential mineralisation, but is not adequate to support Mineral Resource modelling. • 1m or 2m composite samples were collected during drilling. • 2m composite sample results are not presented as all lithium results are below economic significance.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill holes were mostly oriented vertically based on prior geological mapping suggesting pegmatite bodies were flat lying. • No mineralised structures were observed.

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Sample security	• *The measures taken to ensure sample security.*	• All samples were collected and sealed in individually labelled bulka bags on pallets by the field geologist, with individual sample submissions for each pallet. • Pallets were collected by a courier company for transport direct to SGS Laboratories in Perth. • Samples were checked against the submission forms on arrival at SGS.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews were not undertaken, apart from the QAQC checks outlined above.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All drilling and sampling referred to in the announcement was undertaken within tenement E45/4365, located approximately 100km South of Port Hedland, WA and 100% owned by Metalicity. • The area the subject of this announcement lies on vacant crown land. • A Heritage Agreement with the Kariyarra Claimant Group has been signed in relation to E45/4365.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration work within the tenement area has consisted of regional mapping and prospecting by various parties exploring for tin and tantalum mineralisation within the identified pegmatites. • No previous drilling had been undertaken prior to this work.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is exploring for rare metal pegmatites in the project area, derived from fertile granites that have intruded the Strelley Greenstone belt. The Strelley Greenstone Belt is an arcuate, keel shaped package of Archaean aged meta-sediments and meta-volcanics. Intruded by granite and pegmatite bodies which are known to host rare metal mineralisation.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• See Table 1 above, including associated notes.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer*	• No weighting, or cut off grades were employed. • No metal equivalent values are reported

Criteria	JORC Code explanation	Commentary
	lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Intercept lengths are reported as down-hole lengths. • There is not enough information to determine true widths, however the geological assessment of approximately flat lying pegmatite bodies suggests it is reasonable to assume in the vertical holes completed that down hole widths closely approximate true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to main body of announcement for maps and tables of drill hole collar locations.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Drill hole assay results are not considered significant in the context of exploration for lithium bearing pegmatites and have not been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Some relevant geological observations are presented in the main body text. • No additional test work beyond assaying have been undertaken to date.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• X-Ray Diffraction analysis will be completed on selected intervals to confirm mineralogy. • Future drilling will guided by on-going field work which has not been completed at this stage